

## Message Text

CONFIDENTIAL

PAGE 01 BUENOS 06221 01 OF 02 102015Z

ACTION ACDA-10

INFO OCT-01 SS-14 ISO-00 ARA-10 EUR-08 OES-02 DODE-00

CIAE-00 EB-04 INR-05 IO-06 L-01 NSAE-00 SP-02

SOE-01 DOE-01 DOEE-00 SSO-00 INRE-00 SAS-01 PM-03

NSCE-00 ACDE-00 /069 W

-----031952 102040Z /45

O R 101935Z AUG 78

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 6949

INFO AMEMBASSY BONN

AMEMBASSY VIENNA

USCINCSO QUARRY HTS CZ //SCJ2-AD//

AMEMBASSY OTTAWA

C O N F I D E N T I A L SECTION 1 OF 2 BUENOS AIRES 6221

LIMDIS

USIAEA

E.O. 11652: GDS

TAGS: MNUC, PARM, ENRG, TECH, AR, IAEA

SUBJECT: US/ARGENTINE NUCLEAR COOPERATION AND SALE OF ZIRCALOY  
TO FRG FOR ARGENTINA

REF: (A) STATE 191795, (B) BUENOS AIRES 6022,  
(C) BUENOS AIRES 5756, (D) VIENNA 7089, (E) BONN 14119

1. SUMMARY: CENA PRESIDENT CASTRO MADERO CONFIRMED  
THAT THE GOA WILL DEPOSIT THE TLATELOLCO TREATY  
INSTRUMENT WITH MEXICO IN ABOUT TWO WEEKS AND THAT  
ARGENTINA INTENDED TO ENTER INTO DISCUSSIONS WITH  
IAEA FOR A SAFEGUARD REGIME. HE WAS DISTURBED ABOUT  
US FOLLOW-UP IN THE EXIM BANK DECISION AND CONCERNED  
THAT THIS COULD HAVE EFFECT ON US/ARGENTINE  
SCIENTIFIC AND NUCLEAR COOPERATION. HOWEVER, CNEA  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BUENOS 06221 01 OF 02 102015Z

OFFICIALS WOULD BE READY TO BEGIN CONSULTATIONS ON A  
NEW NUCLEAR AGREEMENT WITH THE US IN TWO OR THREE  
MONTHS AND ARE AT PRESENT EXAMINING THE MODEL AGREE-  
MENT FOR BACKGROUND INFORMATION. ON THE ZIRCALOY  
ISSUE, CNEA OFFICIALS STATED THAT ZIRCALOY IS NOT  
ON THE IAEA TRIGGER LIST OF PROLIFERATION MATERIALS  
AND ALL OF ATUCHA FUEL ELEMENTS ARE UNDER IAEA SAFE-

GUARDS, AND CNEA DID NOT UNDERSTAND US CONCERN. IT WAS EXPLAINED THAT NEW US NON-PROLIFERATION LAWS CHANGED A NUMBER OF REQUIREMENTS AND WE WOULD NEED AN UNDERSTANDING WITH ARGENTINA CONCERNING THE DISPOSITION OF THE FUEL ELEMENTS FABRICATED WITH US ZIRCALOY. CASTRO MADERO WAS STILL RATHER NEGATIVE BUT AGREED TO EXAMINE AN OFFICIAL NOTE INCLUDING THE NECESSARY LANGUAGE TO SATISFY THE US NON-PROLIFERATION ACT. HOWEVER, HE GAVE NO COMMITMENTS. EMBASSY REQUESTS DEPARTMENT PREPARE AN OFFICIAL NOTE FOR EXAMINATION BY CNEA ON THE ZIRCALOY ISSUE AND ALSO A NOTE COVERING FURTHER COOPERATION AND ASSISTANCE AS AN INTERIM MEASURE BEFORE A NEW AGREEMENT IS NEGOTIATED. THIS NOTE COULD INCLUDE THE CNEA REQUEST FOR 20 PERCENT ENRICHED URANIUM FOR THE PERUVIAN REACTOR IF THIS TRANSACTION REQUIRES AN EXCHANGE OF NOTES. END SUMMARY.

2. SCICOUNS MET WITH REAR ADMIRAL CASTRO MADERO AND DR. JORGE COLL TO DISCUSS THE CONTENTS OF REFTTEL A CONCERNING US DELIVERY OF ZIRCALOY TO GERMANY; TO CONTINUE DISCUSSIONS RELATING TO US/ARGENTINE NUCLEAR RELATIONS AND TO REVIEW THE MODEL AGREEMENT FOR NUCLEAR COOPERATION. SCICOUNS INDICATED THAT THE US WAS PLEASED THAT ARGENTINA IS MOVING AHEAD WITH THE RATIFICATION OF THE TREATY OF TLATELOLCO AND UNDERSTANDS THE INSTRUMENT WILL BE DEPOSITED IN MEXICO IN ABOUT TWO CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BUENOS 06221 01 OF 02 102015Z

WEEKS. CASTRO MADERO MENTIONED THAT, EVEN THOUGH ARGENTINA NOW HAS DE FACTO SAFEGUARDS ON ALL OF HER NUCLEAR FACILITIES AND MATERIALS, CNEA INTENDS TO ENTER INTO DISCUSSIONS WITH THE IAEA FOR A REGIME OF SAFEGUARDS IN THE NEAR FUTURE. HOWEVER, HE EMPHASIZED THAT IF THE US WAS PLEASED WITH ARGENTINA ABOUT TLATELOLCO, IT CERTAINLY WAS NOT DISPLAYING ITS PLEASURE WITH THE RECENT EXIM BANK DECISION. HE SAID, MORE THAN ANY OTHER ACTION, THIS HAD THE MOST NEGATIVE EFFECT ON THE ARGENTINE GOVERNMENT AND OUR BILATERAL RELATIONS. CASTRO MADERO REITERATED, HOWEVER, THAT HE HOPED THESE RECENT "POLITICAL POLICIES" WOULD NOT HAVE A HARMFUL EFFECT ON SCIENTIFIC AND NUCLEAR COOPERATION WITH THE US.

3. WE DISCUSSED THE MODEL AGREEMENT AND POSSIBILITIES OF FUTURE COOPERATION, PARTICULARLY IN THE RESEARCH REACTOR FIELD. IT WAS INDICATED TO CASTRO MADERO THAT THE US WOULD SUPPORT ARGENTINA AS A NUCLEAR SUPPLIER AND WAS INTERESTED IN ENHANCED COOPERATION AND WOULD BE WILLING TO BEGIN CONSULTATIONS ON A NEW NUCLEAR AGREEMENT IN TWO OR THREE MONTHS IF ARGENTINA

AGREES. CASTRO MADERO SAID CNEA WOULD BE HAPPY TO ENTER INTO CONSULTATIONS ON A NEW AGREEMENT AND IN THIS CONNECTION HE ASKED IF CNEA COULD MAKE CHANGES AND SUGGESTIONS IN THE NEW AGREEMENT. IT WAS EMPHASIZED THAT THE MODEL AGREEMENT WAS ONLY FOR INFORMATION PURPOSES, AND NATURALLY COULD BE REVISED AND CHANGED IN THE COURSE OF NEGOTIATIONS. HOWEVER, THERE WERE CERTAIN REQUIREMENTS UNDER THE NON-PROLIFERATION ACT THAT WOULD BE NECESSARY TO INCLUDE IN THE NEW AGREEMENT. IN THE INTERIM PERIOD, AN EXCHANGE OF NOTES ON CERTAIN JOINT PROJECTS WOULD SUFFICE TO ALLOW COOPERATION; FOR EXAMPLE, THIRD PARTY FABRICATION OF US FUEL ELEMENTS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 BUENOS 06221 01 OF 02 102015Z

4. THE ZIRCALOY ISSUE WAS DISCUSSED AND THE REPORTING OFFICER EXPLAINED THAT BECAUSE OF THE NEW US NON-PROLIFERATION ACT, CERTAIN LAWS HAD CHANGED AND; CONSEQUENTLY, IT WAS NECESSARY TO OBTAIN AN UNDERSTANDING WITH ARGENTINA BEFORE AN EXPORT LICENSE COULD BE ISSUED FOR THE SHIPMENT OF ZIRCALOY TO GERMANY. THIS UNDERSTANDING COULD BE ACCOMPLISHED BY A SEPARATE NOTE, INCLUDING THE REQUIRED CONFIRMATIONS FROM ARGENTINA WHICH WERE ELABORATED, JORGE COLL MENTIONED THAT ZIRCALOY WAS NOT LISTED ON THE IAEA TRIGGER LIST OF PROLIFERATION MATERIALS AND HE DID NOT UNDERSTAND WHY THE US WAS CONCERNED. HE ALSO INDICATED THAT THE ZIRCALOY FUEL ELEMENTS FROM GERMANY WERE COVERED BY IAEA SAFEGUARDS ANYWAY. IT WAS EXPLAINED THAT THE US

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BUENOS 06221 02 OF 02 102005Z  
ACTION ACDA-10

INFO OCT-01 SS-14 ISO-00 ARA-10 EUR-08 OES-02 DODE-00  
CIAE-00 EB-04 INR-05 IO-06 L-01 NSAE-00 SP-02  
SOE-01 DOE-01 DOEE-00 SSO-00 INRE-00 SAS-01 PM-03  
NSCE-00 ACDE-00 /069 W

-----031823 102040Z /45

O R 101935Z AUG 78

FM AMEMBASSY BUENOS AIRES  
TO SECSTATE WASHDC IMMEDIATE 6950  
INFO AMEMBASSY BONN  
AMEMBASSY VIENNA  
USCINCSO QUARRY HTS CZ//SCJ2-AD//  
AMEMBASSY OTTAWA

C O N F I D E N T I A L SECTION 2 OF 2 BUENOS AIRES 6221

LIMDIS

USIAEA

WAS CONCERNED BECAUSE OF MEETING THE REQUIREMENTS OF THE  
NEW NON-PROLIFERATION ACT AND, IN ANY CASE, THESE  
REQUIREMENTS WOULD HAVE TO BE INCLUDED IN ANY NEW  
AGREEMENT FOR NUCLEAR COOPERATION. CASTRO MADERO DID  
NOT SEEM OVERLY CONCERNED BUT REMARKED THAT THIS  
PROCEDURE WOULD GIVE THE US CONTROL OVER ARGENTINE  
REPROCESSING BUT ARGENTINA WAS NOT REPROCESSING  
"NOW". NEVERTHELESS, HE STATED THIS SEEMED TO BE A  
PROBLEM BETWEEN THE US AND GERMANY, SINCE ALL OF THE  
FUEL ELEMENTS AT ATUCHA WERE COVERED BY SAFEGUARDS.  
BECAUSE OF THE URGENCY OF THIS REQUEST, SCICOUNS  
SUGGESTED THAT CNEA REVIEW THE TEXT OF A NOTE THAT  
COULD BE PREPARED BY THE DEPARTMENT OF STATE, INCLUDING  
SUITABLE WORDING TO SATISFY THE REQUIREMENTS OF THE  
NON-PROLIFERATION ACT. CASTRO MADERO AGREED TO REVIEW  
AN OFFICIAL NOTE BUT GAVE NO COMMITMENT.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BUENOS 06221 02 OF 02 102005Z

5. COMMENTS: EVEN THOUGH CNEA IS QUITE NEGATIVE ABOUT  
AGREEING TO US REQUIREMENTS FOR THE ZIRCALOY SHIPMENT  
TO GERMANY AND FEELS THIS IS A US/GERMAN PROBLEM,  
WE WOULD SUGGEST DEPARTMENT DRAFT A NOTE WITH THE  
NECESSARY LANGUAGE THAT CAN BE EXAMINED BY CNEA. WE  
DO NOT WANT TO COME TO THE POINT WHERE WE PUT THEIR BACK  
TO THE WALL. THIS CERTAINLY WOULD NOT HELP OUT NUCLEAR  
RELATIONS AT THIS PARTICULAR TIME. WE WOULD ALSO  
APPRECIATE ANSWER TO REFTEL C RELATING TO THE CNEA  
REQUEST FOR 20 PERCENT ENRICHED URANIUM FOR THE PERUVIAN  
REACTOR. IF THIS TRANSACTION REQUIRES THE EXCHANGE OF  
NOTES, WE WOULD SUGGEST DEPARTMENT ALSO PREPARE A  
NOTE COVERING FURTHER NUCLEAR COOPERATION AND ASSISTANCE  
DURING THE INTERIM PERIOD BEFORE A NEW AGREEMENT IS  
NEGOTIATED.  
CASTRO

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 aug 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BUENOS06221  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780328-0129  
**Format:** TEL  
**From:** BUENOS AIRES  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780875/aaaackyn.tel  
**Line Count:** 222  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** dcb05b65-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ACDA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** 78 STATE 191795, 78 BUENOS AIRES 6022, 78 BUENOS AIRES 5756, 78 VIENNA 7089, 78 BONN 14119  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 10 jun 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1772454  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US/ARGENTINE NUCLEAR COOPERATION AND SALE OF ZIRCALOY TO FRG FOR ARGENTINA  
**TAGS:** MNUC, PARM, ENRG, TECH, AR, IAEA  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/dcb05b65-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014